

**STATEMENT BY SENATOR DANIEL K. INOUE
HEARING ON SPECTRUM MANAGEMENT AND
THIRD GENERATION WIRELESS SERVICE
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We are here today to address two important issues – third generation (3G) wireless service and the management of spectrum. Our ability to resolve issues surrounding 3G will have a significant impact on the health and competitiveness of the wireless industry. I expect that a resolution of the 3G issue will also be instructive with respect to policies of spectrum management.

It was in the 1980s that companies like AT&T and the Baby Bells began providing wireless mobile phone service referred to as cellular service. However, it was only in the 1990s, when Congress authorized the Federal Communications Commission (FCC) to auction additional spectrum for personal communications service (PCS), that the wireless phone industry truly began to blossom. PCS became a catalyst for the industry's transition from analog to digital. The question we now face is how to complete the next step -- that is, the transition to third generation wireless services.

Clearly, whether or not U.S. service providers and manufacturers of third generation service will be able to compete successfully will depend, in part, on the decisions of policy makers. In this regard, the issue we face today is identifying sufficient spectrum for the 3G transition. While the International Telecommunications Union has allocated the 806 to 960, 1710 to 1885, and 2500 to 2690 megahertz bands for 3G service, industry has set its sights on the 1755 to 1850 megahertz band. The Department of Defense, the primary user of spectrum in this band, has indicated that it cannot effectively share the band with 3G technologies. If additional spectrum is necessary for 3G services,

some form of compromise must be reached. If the only option is to relocate the Defense Department, we must find comparable spectrum, develop a migration time frame that allows the Defense Department to maintain its operations as it vacates the spectrum, and ensure that the Department's costs are reimbursed. These monumental tasks must be accomplished without risking any reduction in military preparedness or degradation of systems that support mission capabilities.

We are facing difficult issues with respect to 3G services, because, with increasing consumer demand for wireless service, spectrum has become scarce. Congress took an important step in distributing spectrum quickly and efficiently when it authorized the FCC to auction spectrum. Since that time, the FCC has implemented other spectrum management tools such as spectrum caps and band managers in order to promote competition and more quickly disseminate spectrum. As the FCC seeks to implement additional tools for spectrum management, it must make sure that its role in allocating spectrum and assigning licenses is clear. The wireless industry is competitive and consumers have benefitted from this competition. However, the FCC must continue to fulfill its responsibility in ensuring that consumers are well-served through its spectrum management policies.

I welcome the witnesses and look forward to hearing their testimony.